



# Montgomery County Council

***From the Office of Councilmember Howard Denis***

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**For Immediate Release**

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## **Councilmember Denis remarks on Spending Affordability**

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"As I did in Committee on April 14, I would like to offer a substitute motion for the Spending Affordability Guidelines for FY06. My one difference with the Committee recommendation is the level of property tax revenue we assume.

"All of us would like to set property tax rates so that we get as close as possible to the Charter limit on property tax revenue while addressing our obligations and service needs. As I have often said, we need to balance the taxes we hate against the services we love.

"The Executive has proposed cutting 2 cents from the property tax rate, foregoing \$24 million in revenue. For an owner-occupied home currently assessed at \$400,000, this would mean a savings of \$88 compared to staying at current rates. The Charter limit would require cutting 7.2 cents from current rates and would mean a savings of \$318.

"I propose that we set the rate half way between current rates and the Charter limit. This would mean a savings of \$159 compared to current rates, or \$71 more in savings than the Executive. We would be cutting the rate by 3.6 cents rather than the 2 cents proposed by the Executive, nearly doubling his proposed cut.

"I offer this motion for two reasons. First, my motion is what the Committee majority proposed in December. The proposal then was to go half way from current rates to the Charter limit. My motion does exactly that.

"Second, I believe that my motion strikes the right balance between providing property tax relief, which we all want to do, and meeting the community's needs for County services.

(more...)

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"The Committee agreed that since the General Assembly did not provide \$12.1 million in Geographic Cost of Education Index funding that the Executive had assumed in his budget, revenues should be reduced by that amount. We also agreed to add \$3.4 million to revenues from additional MCPS reserve from FY05.

"You will see from the revised spreadsheet that I asked Council staff to produce that my motion, in the column marked HD, would reduce property tax revenue by \$19.3 million below the Executive's number. With the Committee's other adjustments to revenue, the expenditure reduction from the Executive would be \$26.2 million.

"This still allows for an increase of 8.7% in the aggregate operating budget. This is less than the Executive's proposed increase of 9.6%, but it is still sufficient to meet many important needs.

"As you can see, my motion would make it possible to fund MCPS and Montgomery College at the same levels recommended by the Executive – that is, fully funding the requests of the Board of Education and the College's Board of Trustees.

"The County Government and Park and Planning would each receive funding increases of 9.7%. This is less than the increases recommended by the Executive, 12.4% and 12.2%, but it is certainly large enough to meet many important needs. At the same time I don't want to minimize the challenge in making these reductions.

"These agency allocations are preliminary at this point. As we work our way through the budget, we may want to adjust them.

"There is no one right answer here. This is a judgment call, and our job is to weigh the interests of both our taxpayers and our residents who care deeply about our services and the quality of life in Montgomery County. I believe that my motion strikes the right balance, and I commend it to you."

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